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C O N F I D E N T I A L SECTION 01 OF 03 NEW DELHI 001180

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TAGS: [PREL](#) [PGOV](#) [KNNP](#) [KISL](#) [ENRG](#) [ECON](#) [ETRD](#) [IR](#) [IN](#)

SUBJECT: AHMADINEJAD VISIT TO INDIA FOCUSES ON PIPELINE,
TRADE, WITH A SWIPE AT AMERICA FROM IRANIAN LEADER

REF: A. NEW DELHI 1142

[1](#)B. ISLAMABAD 1699

Classified By: Ambassador David C. Mulford for Reasons 1.4 (B, D)

[1](#)1. (C) Summary. Iranian President Ahmadinejad's April 29 visit to India focused primarily on energy and trade issues, according to Ministry of External Affairs (MEA) contacts. Indian officials announced the Iran-Pakistan-India pipeline deal "is doable" within 45 days, though "a lot of work" needs to be done, but stopped short of confirming an agreement had been made. The two sides agreed they would attempt to triple bilateral trade, but did not set a timeframe. Ahmadinejad used an hour long press conference to repeatedly criticize the United States, often referring to the "bullying power" which was seeking to block Iran. Post assesses that the Indian government used the visit to demonstrate to its domestic constituency that it maintains an independent foreign policy and would overlook Ahmadinejad's anti-American rants, while walking an increasingly precarious tightrope with its foreign policy. End Summary.

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[1](#)2. (C) Iranian President Mahmoud Ahmadinejad visited New Delhi for around five hours on the evening of April 29, meeting with President Patil and dining with Prime Minister Singh before holding a press conference. According to Randhir Jaiswal, Deputy Secretary (Americas Division) at MEA, the visit focused on energy and trade issues primarily, while there were also discussions on regional issues to include Afghanistan and the Middle East.

[1](#)3. (C) Ahmadinejad used his hour-long press conference as a platform to attack the U.S., repeatedly referring to us as "the bullying power" and appealing for the U.S. to "evacuate" the region. Ahmadinejad's diatribe in front of about two dozen TV cameras was full of America bashing, including insinuating that America is set to collapse, saying that the U.S. "dare not" attack Iran, blaming the U.S. for high oil prices and questioning the extent of September 11 casualties. He included an assertion that America will not allow an

African-American man to become president and questioned the extent of the Holocaust. Rediff speculated that "He was using his short trip to India to raise his profile in the region and earn kudos back home....as if he was addressing a native crowd in the downtown area of Tehran."

GOI PUBLIC COMMENTS ON IPI MEASURED AFTER TALKS . . .

¶4. (SBU) Turning to the proposed Iran-Pakistan-India (IPI) natural gas pipeline, Ahmadinejad described the talks as positive and expressed hope that the deal would be wrapped up in the near future. Indian Foreign Secretary Menon was more circumspect in his separate remarks to the press, noting that "a lot of work" remained to be done to ensure that the IPI was commercially and financially acceptable to India, but that the project was "doable."

¶5. (SBU) The bilateral talks between PM Singh and Ahmadinejad, which encompassed IPI, came on the heels of Pakistan-Iran talks on the same issue in Islamabad April 28 (see reftel B) during the Iranian president's three-country sweep through South Asia. Separately, Indian Minister of Petroleum and Natural Gas (MPNG) Deora and Secretary Srinivasan traveled to Islamabad April 23-25 for a meeting of the Steering Committee of the Turkmenistan, Afghanistan, Pakistan, and India (TAPI) gas pipeline, which included the signing of an intergovernmental framework agreement on April 25. Prior to those meetings, MPNG told us that Deora and Srinivasan would discuss IPI with the Pakistanis on the margins. The bilateral IPI discussions were to focus on

NEW DELHI 00001180 002 OF 003

transportation tariffs and transit fee issues covering the passage of gas through Pakistan's portion of the IPI. Press reports of the Indo-Pakistan meetings indicated progress had been made on some principles that would guide the setting of the transport and transit fees. Post will report septel on further details of the IPI discussions in Islamabad on April 25 and Delhi on April 29 after meeting with MPNG officials.

¶6. (SBU) Statements by officials on both sides in the lead up to the visit cited Indo-Iranian cultural and historical ties and geographic proximity as important. Despite this, economic and trade ties remain minimal and a goal to triple bilateral trade is not very ambitious. Although non-oil bilateral trade between Iran and India has increased at a double-digit pace in recent years, it did so upon a very small base. This base effect is further exaggerated by the composition of trade, which leans heavily toward commodities ranging from metals to certain agricultural products, many of which have seen above trend price increases over the past few years. In FY2007, India's non-oil merchandise exports to Iran increased to \$1.45 billion from \$1.18 billion in FY 2006 (the Indian fiscal year ends March 30). The former figure represents slightly more than a 1% share of total Indian non-oil exports of \$126.2 billion for the year. India's non-oil merchandise imports from Iran for the comparable period increased about 20 percent, from \$702 million in FY2006 to \$845 million in FY2007.

. . . BUT BONHOMIE UNWELCOME DESPITE SLOW PROGRESS

¶7. (C) Comment. This visit seemed to accomplish what Post perceived (reftel A) to be the Indian goal: demonstrating to its domestic audience India's "independence," while attempting to balance its foreign policy by not actually committing to anything. Ahmadinejad's tendentious anti-American venom aside, there are no indications that Iran gained anything of substance from India during this visit. It was extremely negative that the GOI chose to allow an Ahmadinejad visit at this time, after two years of bragging

to us that they were refusing such requests. Some believe that, based on the sensitivity the GOI showed toward U.S. concerns about such a visit, which began with notifying the Embassy before even notifying some parts of their own government, that elements of the GOI want to limit the damage to U.S.-India relations of the Iranian President's visit. While this may be the case, there is no doubt that the GOI's willingness to host Ahmadinejad and to give him this platform for attacking the U.S. is just one more sign of the weakness of the present Indian government.

18. (C) Comment continued. Although post remains skeptical of IPI prospects -- especially since the GOI remains discomfited over Iranian commercial reliability -- we are concerned about the Singh-Ahmadinejad meeting's apparent focus on IPI. Given that a (likely Iranian) diplomatic source has cited IPI progress as the litmus test for improved Indo-Iranian relations, USG officials must view skeptically private GOI assurances of lack of IPI progress. On April 24, Under Secretary Dobriansky was the latest senior USG official to

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receive such assurances from our interlocutors, but public comments about progress on the pipeline must be taken seriously.

19. (C) Comment continued. While the specificity of a 45-day goal for completing the IPI is worrying, numerous past "deadlines" for the deal have already come and gone. In the past year or so, Iran has cut back on proposed gas volumes for IPI and turned off an Indian LNG import deal from the Jufeyr and Yadavaran fields, undermining Indian confidence. However, we cannot count on the Iranians continuing to shoot themselves in the foot. We would echo Embassy Islamabad's analysis of the importance of TAPI and U.S. efforts to ensure its success (as quickly as possible). Although MPNG Minister

NEW DELHI 00001180 003 OF 003

Deora has stated that both pipelines are important and necessary to India's future energy needs, rapid progress on TAPI coupled with further hurdles to IPI might lead to less internal economic pressure on the GOI to have a successful IPI outcome. End comment.

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